

CITY OF LYNDON, KANSAS
Year Ended December 31, 2011

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of City Council
Lyndon, Kansas

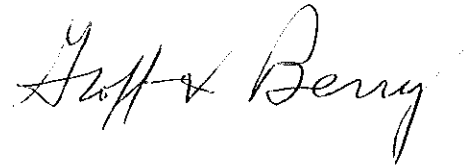
We have audited the accompanying financial statements of the City of Lyndon, Kansas, as of and for the year ended December 31, 2011, as listed in the table of contents. These financial statements are the responsibility of the City of Lyndon, Kansas' management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the guidance in the *Kansas Municipal Audit Guide*. Those standards and guidance require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note 2, the City has prepared these financial statements in conformity with the accounting practices prescribed by the State of Kansas to demonstrate compliance with the cash basis and budget laws of the State of Kansas, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City as of December 31, 2011, or the changes in its financial position for the year then ended.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of the City, as of December 31, 2011, and its cash receipts and expenditures, and budgetary comparisons for the year then ended, taken as a whole, on the basis of accounting described in Note 2.

A handwritten signature in black ink, reading "Jeff Berry". The signature is written in a cursive style with a large, looped "J" and a stylized "Berry".

September 12, 2012

CITY OF LYNDON, KANSAS

SUMMARY OF CASH RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH
For the Year Ended December 31, 2011

<u>Funds</u>	<u>Beginning Unencumbered Cash Balance</u>	<u>Prior Year Cancelled Encumbrances</u>	<u>Cash Receipts</u>	<u>Expenditures</u>	<u>Ending Unencumbered Cash Balance</u>	<u>Add: Outstanding Encumbrances and Accounts Payable</u>	<u>Ending Cash Balance</u>
Governmental type funds:							
General	\$ 42,502	\$ -	\$ 412,173	\$ 426,459	\$ 28,216	\$ 9,458	\$ 37,674
Special revenue funds:							
Employee benefits	18,210	-	169,948	176,063	12,095	113	12,208
City 1% sales tax	208,860	-	131,176	285,279	54,757	33,761	88,518
Special highway	2,030	-	26,773	28,803	-	-	-
Law enforcement	28,579	-	7,143	15,636	20,086	-	20,086
Special parks and recreation	4,825	-	927	-	5,752	-	5,752
Special machinery	16,300	-	27	2,622	13,705	-	13,705
Utility funds:							
Waterworks	193,983	-	297,017	314,452	176,548	12,990	189,538
Sewer	40,222	-	193,525	200,583	33,164	2,395	35,559
Trash collection	201	-	66,812	67,915	(902)	1,262	360
Swimming pool	176	-	14,181	14,183	174	16	190
Community center	2,193	-	3,029	4,055	1,167	82	1,249
Debt service funds:							
Bond and interest	-	-	27,688	20,648	7,040	-	7,040
Capital project funds	1,263	-	46,725	47,711	277	-	277
Fiduciary type funds:							
Expendable trust funds	3,017	-	361,229	359,766	4,480	-	4,480
Water deposit fund	5,950	-	8,100	6,750	7,300	-	7,300
Total reporting entity	\$ 568,311	\$ -	\$ 1,766,473	\$ 1,970,925	\$ 363,859	\$ 60,077	\$ 423,936

(Continued)

CITY OF LYNDON, KANSAS

SUMMARY OF CASH RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH
(Continued)

For the Year Ended December 31, 2011

Composition of cash:

Certificates of deposit		\$ 275,001
Checking - money market account:		
Per bank	\$ 145,755	
Add: deposit in transit	91,449	
Deduct: outstanding warrants	<u>92,160</u>	145,044

Water system improvements -		
USDA Rural Development:		
Checking - checking account:		
Per bank		277

Expendable trust funds:

Performance bond and insurance proceeds:		
Per bank		2,012

Lyndon Municipal Court:

Per bank	1,502	
Deduct: outstanding warrants	<u>-</u>	1,502

Petty cash and cash on hand		<u>100</u>
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Total reporting entity		\$ <u>423,936</u>
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See accompanying notes to financial statements.

CITY OF LYNDON, KANSAS

SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET
(BUDGETED FUNDS ONLY)
For the Year Ended December 31, 2011

<u>Funds</u>	<u>Certified Budget</u>	<u>Adjustment for Qualifying Budget Credits</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Variance - Favorable (Unfavorable)</u>
Governmental type funds:					
General	\$ 458,565	\$ -	\$ 458,565	\$ 426,459	\$ 32,106
Special revenue funds:					
Employee benefits	179,463	-	179,463	176,063	3,400
City 1% sales tax	208,116	-	208,116	285,279	(77,163)
Special highway	36,920	-	36,920	28,803	8,117
Law enforcement	26,454	-	26,454	15,636	10,818
Special parks and recreation	4,553	-	4,553	-	4,553
Utility funds:					
Waterworks	319,951	-	319,951	314,452	5,499
Sewer	222,355	-	222,355	200,583	21,772
Trash collection	72,410	-	72,410	67,915	4,495
Swimming pool	20,700	-	20,700	14,183	6,517
Community center	4,100	-	4,100	4,055	45
Debt service funds:					
Bond and interest	28,446	-	28,446	20,648	7,798

See accompanying notes to financial statements.

CITY OF LYNDON, KANSAS

GENERAL FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended December 31, 2011

(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year	Current Year		Variance -
	Actual	Actual	Budget	Favorable (Unfavorable)
Cash receipts:				
Taxes and shared revenue:				
Ad valorem property tax	\$ 204,884	\$ 199,184	\$ 209,906	\$ (10,722)
Delinquent tax	11,162	10,685	6,600	4,085
Motor vehicle tax	33,636	34,495	32,629	1,866
Recreational vehicle tax	841	832	737	95
16/20M vehicle tax	-	-	392	(392)
Sales tax	56,063	57,064	59,250	(2,186)
Alcohol liquor tax	944	918	1,153	(235)
Franchise taxes	62,284	61,458	58,750	2,708
Licenses and permits	2,355	2,047	2,800	(753)
Fines and fees	14,000	6,000	17,750	(11,750)
Interest	1,610	769	1,050	(841)
Miscellaneous	3,747	1,869	2,800	(931)
Reimbursed expenses	<u>16,345</u>	<u>36,852</u>	<u>3,750</u>	<u>33,102</u>
Total cash receipts	<u>407,871</u>	<u>412,173</u>	<u>\$ 397,567</u>	<u>\$ 14,606</u>
Expenditures:				
General government	149,978	174,395	\$ 140,875	\$ (33,520)
Police	90,780	81,490	100,725	19,235
Street and alley	94,558	59,411	114,020	54,609
Fire	4,000	-	4,000	4,000
Parks	21,277	30,241	20,255	(9,986)
Street lighting	30,800	32,792	31,875	(917)
Swimming pool	26,972	46,502	43,865	(2,637)
Community center	-	-	-	-
Planning commission	-	-	1,250	1,250
Employee benefits	-	-	-	-
Bond and interest	593	-	-	-
Neighborhood revitalization rebate	<u>-</u>	<u>1,628</u>	<u>1,700</u>	<u>72</u>
Total expenditures	<u>418,958</u>	<u>426,459</u>	<u>\$ 458,565</u>	<u>\$ 32,106</u>
Receipts over (under) expenditures	(11,087)	(14,286)		
Unencumbered cash, beginning of year	<u>53,589</u>	<u>42,502</u>		
Unencumbered cash, end of year	<u>\$ 42,502</u>	<u>\$ 28,216</u>		

See accompanying notes to financial statements.

CITY OF LYNDON, KANSAS

EMPLOYEE BENEFITS FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended December 31, 2011

(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance - Favorable (Unfavorable)
		Actual	Budget	
Cash receipts:				
Taxes:				
Ad valorem property tax	\$ 95,326	\$ 82,973	\$ 87,489	\$ (4,516)
Delinquent tax	4,310	4,096	2,500	1,596
Motor vehicle tax	10,955	15,655	15,184	471
Recreational vehicle tax	275	371	343	28
16/20M vehicle tax	-	-	183	(183)
Interest	261	142	225	(83)
Reimbursed expense	<u>57,808</u>	<u>66,711</u>	<u>61,595</u>	<u>5,116</u>
Total cash receipts	<u>168,935</u>	<u>169,948</u>	<u>\$ 167,519</u>	<u>\$ 2,429</u>
Expenditures:				
Social security	24,923	25,872	\$ 28,020	\$ 2,148
KPERs	20,571	23,322	21,738	(1,584)
State unemployment	5,583	5,721	5,455	(266)
Workmen's compensation	9,198	9,382	13,500	4,118
Medical insurance	94,961	110,638	110,000	(638)
Miscellaneous	-	449	-	(449)
Neighborhood revitalization rebate	<u>-</u>	<u>679</u>	<u>750</u>	<u>71</u>
Total expenditures	<u>155,236</u>	<u>176,063</u>	<u>\$ 179,463</u>	<u>\$ 3,400</u>
Receipts over (under) expenditures	(13,699)	(6,115)		
Unencumbered cash, beginning of year	<u>4,511</u>	<u>18,210</u>		
Unencumbered cash, end of year	<u>\$ 18,210</u>	<u>\$ 12,095</u>		

See accompanying notes to financial statements.

CITY OF LYNDON, KANSAS

CITY 1% SALES TAX FUND
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 For the Year Ended December 31, 2011
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

		Current Year		Variance -
	Prior Year	Actual	Budget	Favorable
	Actual			(Unfavorable)
Cash receipts:				
Sales tax revenue	\$ 120,937	\$ 120,521	\$ 165,400	\$ (44,879)
Interest	3,644	2,240	3,750	(1,510)
Reimbursed expense	-	8,415	-	8,415
Total cash receipts	<u>124,581</u>	<u>131,176</u>	<u>\$ 169,150</u>	<u>\$ (37,974)</u>
Expenditures:				
Lease payment - street lighting	15,616	15,616	\$ 15,616	\$ -
Water improvements	-	-	15,000	15,000
Sewer improvements	3,510	2,331	10,000	7,669
Street repairs and improvements	85,276	138,069	110,000	(28,069)
Water bond principal and interest	32,156	-	10,000	10,000
Sewer note principal and interest	51,735	51,066	30,000	(21,066)
Community building	-	-	17,500	17,500
Bailey house improvements	-	78,197	-	(78,197)
Total expenditures	<u>188,293</u>	<u>285,279</u>	<u>\$ 208,116</u>	<u>\$ (77,163)</u>
Receipts over (under) expenditures	(63,712)	(154,103)		
Unencumbered cash, beginning of year	<u>272,572</u>	<u>208,860</u>		
Unencumbered cash, end of year	<u>\$ 208,860</u>	<u>\$ 54,757</u>		

See accompanying notes to financial statements.

CITY OF LYNDON, KANSAS

SPECIAL HIGHWAY FUND
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 For the Year Ended December 31, 2011
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance - Favorable (Unfavorable)
		Actual	Budget	
Cash receipts:				
State of Kansas payments	\$ 26,936	\$ 26,750	\$ 27,550	\$ (800)
Interest	<u>29</u>	<u>23</u>	<u>80</u>	<u>(57)</u>
Total cash receipts	<u>26,965</u>	<u>26,773</u>	<u>\$ 27,630</u>	<u>\$ (857)</u>
Expenditures:				
Contractual services	26,000	28,803	\$ 31,170	\$ 2,367
Commodities	4,827	-	5,750	5,750
Transfer to special machinery	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>30,827</u>	<u>28,803</u>	<u>\$ 36,920</u>	<u>\$ 8,117</u>
Receipts over (under) expenditures	(3,862)	(2,030)		
Unencumbered cash, beginning of year	<u>5,892</u>	<u>2,030</u>		
Unencumbered cash, end of year	<u>\$ 2,030</u>	<u>\$ -</u>		

See accompanying notes to financial statements.

CITY OF LYNDON, KANSAS

LAW ENFORCEMENT FUND
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 For the Year Ended December 31, 2011
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance - Favorable (Unfavorable)
		Actual	Budget	
Cash receipts:				
Taxes:				
Ad valorem tax	\$ 65	\$ 5,101	\$ 5,366	\$ (265)
Delinquent tax	593	406	15	391
Motor vehicle tax	1,442	125	7	118
Recreational vehicle tax	36	5	-	5
16/20M vehicle tax	-	-	-	-
Interest	52	46	40	6
Reimbursed expense	-	1,460	-	1,460
Total cash receipts	<u>2,188</u>	<u>7,143</u>	<u>\$ 5,428</u>	<u>\$ 1,715</u>
Expenditures:				
Personal services	-	-	\$ 2,500	\$ 2,500
Contractual services	-	-	1,000	1,000
Commodities	-	-	22,954	22,954
Capital outlay	491	15,594	-	(15,594)
Neighborhood revitalization rebate	-	42	-	(42)
Total expenditures	<u>491</u>	<u>15,636</u>	<u>\$ 26,454</u>	<u>\$ 10,818</u>
Receipts over (under) expenditures	1,697	(8,493)		
Unencumbered cash, beginning of year	<u>26,882</u>	<u>28,579</u>		
Unencumbered cash, end of year	<u>\$ 28,579</u>	<u>\$ 20,086</u>		

See accompanying notes to financial statements.

CITY OF LYNDON, KANSAS

SPECIAL PARKS AND RECREATION FUND
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 For the Year Ended December 31, 2011
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

		<u>Current Year</u>		
	<u>Prior Year</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance -</u>
	<u>Actual</u>			<u>Favorable</u>
				<u>(Unfavorable)</u>
Cash receipts:				
Local alcohol liquor fund	\$ 944	\$ 918	\$ 1,152	\$ (234)
Osage County distribution	-	-	-	-
Interest	8	9	5	4
Reimbursed expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total cash receipts	<u>952</u>	<u>927</u>	<u>\$ 1,157</u>	<u>\$ (230)</u>
Expenditures:				
Capital outlay:				
Park improvements	<u>-</u>	<u>-</u>	<u>\$ 4,553</u>	<u>\$ 4,553</u>
Receipts over (under) expenditures	952	927		
Unencumbered cash, beginning of year	<u>3,873</u>	<u>4,825</u>		
Unencumbered cash, end of year	<u>\$ 4,825</u>	<u>\$ 5,752</u>		

See accompanying notes to financial statements.

CITY OF LYNDON, KANSAS

SPECIAL MACHINERY FUND (NOT BUDGETED)
STATEMENT OF CASH RECEIPTS AND EXPENDITURES
For the Year Ended December 31, 2011

(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	<u>2010</u>	<u>2011</u>
Cash receipts:		
Interest	\$ 23	\$ 27
Transfer from special highway fund	-	-
Reimbursed expense	<u>-</u>	<u>-</u>
Total cash receipts	23	27
Expenditures:		
Capital outlay	<u>3,619</u>	<u>2,622</u>
Receipts over (under) expenditures	(3,596)	(2,595)
Unencumbered cash, beginning of year	<u>19,896</u>	<u>16,300</u>
Unencumbered cash, end of year	\$ <u>16,300</u>	\$ <u>13,705</u>

See accompanying notes to financial statements.

CITY OF LYNDON, KANSAS

WATERWORKS UTILITY FUND
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 For the Year Ended December 31, 2011
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

		Current Year		Variance -
	Prior Year	Actual	Budget	Favorable
	Actual			(Unfavorable)
Cash receipts:				
Collections from customers	\$ 277,070	\$ 287,646	\$ 305,100	\$ (17,454)
Penalties	3,536	3,570	5,200	(1,630)
Connects and disconnects	-	-	-	-
Service charges	1,835	1,826	1,300	526
Miscellaneous and reimbursed	3,410	1,478	900	578
Fire hydrant rental	4,000	-	4,000	(4,000)
Interest	<u>4,426</u>	<u>2,497</u>	<u>3,100</u>	<u>(603)</u>
Total cash receipts	<u>294,277</u>	<u>297,017</u>	<u>\$ 319,600</u>	<u>\$ (22,583)</u>
Expenditures:				
Acquisition and distribution:				
Personal services	94,914	105,417	\$ 104,725	\$ (692)
Contractual services	147,335	161,166	170,550	9,384
Commodities	5,776	11,054	17,475	6,421
Capital outlay	8,815	4,192	3,750	(442)
Non-operating:				
Interest on deposits	-	11	300	289
Kansas water plan fee	2,009	762	1,300	538
Bond interest	-	24,850	14,851	(9,999)
Bond principal	<u>-</u>	<u>7,000</u>	<u>7,000</u>	<u>-</u>
Total expenditures	<u>258,849</u>	<u>314,452</u>	<u>\$ 319,951</u>	<u>\$ 5,499</u>
Receipts over (under) expenditures	35,428	(17,435)		
Unencumbered cash, beginning of year	<u>158,555</u>	<u>193,983</u>		
Unencumbered cash, end of year	<u>\$ 193,983</u>	<u>\$ 176,548</u>		

See accompanying notes to financial statements.

CITY OF LYNDON, KANSAS

SEWER UTILITY FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended December 31, 2011

(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance - Favorable (Unfavorable)
		Actual	Budget	
Cash receipts:				
Collection from customers	\$ 193,228	\$ 191,875	\$ 214,800	\$ 22,925
Penalties	1,374	1,356	1,500	144
Connection fees	25	-	200	200
Interest	121	58	150	92
Miscellaneous and reimbursed	<u>52,143</u>	<u>236</u>	<u>500</u>	<u>264</u>
Total cash receipts	<u>246,891</u>	<u>193,525</u>	<u>\$ 217,150</u>	<u>\$ 23,625</u>
Expenditures:				
Collection and disposal:				
Personal services	81,085	87,729	\$ 87,985	\$ 256
Contractual services	31,742	42,163	44,100	1,937
Commodities	10,805	16,285	13,300	(2,985)
Capital outlay	1,057	2,671	3,500	829
Non-operating:				
Principal payment	67,494	34,071	36,502	2,431
Interest expense	<u>35,976</u>	<u>17,664</u>	<u>36,968</u>	<u>19,304</u>
Total expenditures	<u>228,159</u>	<u>200,583</u>	<u>\$ 222,355</u>	<u>\$ 21,772</u>
Receipts over (under) expenditures	18,732	(7,058)		
Unencumbered cash, beginning of year	<u>21,490</u>	<u>40,222</u>		
Unencumbered cash, end of year	<u>\$ 40,222</u>	<u>\$ 33,164</u>		

See accompanying notes to financial statements.

CITY OF LYNDON, KANSAS

TRASH COLLECTION UTILITY FUND
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 For the Year Ended December 31, 2011
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

		Current Year		
	Prior Year			Variance -
	Actual	Actual	Budget	Favorable (Unfavorable)
Cash receipts:				
Charges for services	\$ 66,905	\$ 65,455	\$ 72,000	\$ (6,545)
Penalties	1,374	1,356	1,400	(44)
Interest	11	1	-	1
Miscellaneous	-	-	-	-
Total cash receipts	<u>68,290</u>	<u>66,812</u>	<u>\$ 73,400</u>	<u>\$ 6,588</u>
Expenditures:				
Personal services	2,938	1,921	\$ 3,700	\$ 1,779
Contractual services	65,392	63,621	66,675	3,054
Commodities	1,235	2,373	1,785	(588)
Capital outlay	<u>194</u>	<u>-</u>	<u>250</u>	<u>250</u>
Total expenditures	<u>69,759</u>	<u>67,915</u>	<u>\$ 72,410</u>	<u>\$ 4,495</u>
Receipts over (under) expenditures	(1,469)	(1,103)		
Unencumbered cash, beginning of year	<u>1,670</u>	<u>201</u>		
Unencumbered cash, end of year	<u>\$ 201</u>	<u>\$ (902)</u>		

See accompanying notes to financial statements.

CITY OF LYNDON, KANSAS

SWIMMING POOL UTILITY FUND
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 For the Year Ended December 31, 2011
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year	Current Year		Variance -
	Actual	Actual	Budget	Favorable (Unfavorable)
Cash receipts:				
Fees and concessions	\$ 16,480	\$ 14,181	\$ 19,000	\$ (4,819)
Interest	1	-	-	-
Miscellaneous	-	-	1,750	(1,750)
Total cash receipts	<u>16,481</u>	<u>14,181</u>	<u>\$ 20,750</u>	<u>\$ (6,569)</u>
Expenditures:				
Personal services	4,000	4,000	\$ 4,000	\$ -
Contractual services	2,807	3,788	3,950	162
Commodities	9,690	6,395	12,000	5,605
Capital outlay	-	-	750	750
Total expenditures	<u>16,497</u>	<u>14,183</u>	<u>\$ 20,700</u>	<u>\$ 6,517</u>
Receipts over (under) expenditures	(16)	(2)		
Unencumbered cash, beginning of year	<u>192</u>	<u>176</u>		
Unencumbered cash, end of year	<u>\$ 176</u>	<u>\$ 174</u>		

See accompanying notes to financial statements.

CITY OF LYNDON, KANSAS

COMMUNITY CENTER UTILITY FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended December 31, 2011

(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance - Favorable (Unfavorable)
		Actual	Budget	
Cash receipts:				
Charges for services	\$ 2,820	\$ 3,025	\$ 3,250	\$ (225)
Interest	6	4	10	(6)
Miscellaneous	-	-	-	-
Reimbursed expense	-	-	-	-
Total cash receipts	<u>2,826</u>	<u>3,029</u>	<u>\$ 3,260</u>	<u>\$ (231)</u>
Expenditures:				
Contractual services	3,639	3,259	\$ 3,400	\$ 141
Commodities	1,658	746	500	(246)
Capital outlay	-	-	200	200
Returned fees	<u>15</u>	<u>50</u>	<u>-</u>	<u>(50)</u>
Total expenditures	<u>5,312</u>	<u>4,055</u>	<u>\$ 4,100</u>	<u>\$ 45</u>
Receipts over (under) expenditures	(2,486)	(1,026)		
Unencumbered cash, beginning of year	<u>4,679</u>	<u>2,193</u>		
Unencumbered cash, end of year	<u>\$ 2,193</u>	<u>\$ 1,167</u>		

See accompanying notes to financial statements.

CITY OF LYNDON, KANSAS

BOND AND INTEREST FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended December 31, 2011

(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

		Current Year		Variance -
	Prior Year	Actual	Budget	Favorable
	Actual			(Unfavorable)
Cash receipts:				
Taxes:				
Ad valorem property tax	\$ 11,822	\$ 24,683	\$ 26,036	\$ (1,353)
Delinquent tax	1,128	892	650	242
Motor vehicle tax	2,631	2,043	1,880	163
Recreational vehicle tax	66	50	42	8
16/20M vehicle tax	-	-	23	(23)
Interest	17	20	30	(10)
Reimbursed expense	<u>593</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total cash receipts	<u>16,257</u>	<u>27,688</u>	<u>\$ 28,661</u>	<u>\$ (973)</u>
Expenditures:				
Bond principal	15,000	15,000	\$ 15,000	\$ -
Interest coupons	6,353	5,445	5,445	-
Commissions	1	1	1	-
Cash basis requirement	-	-	8,000	8,000
Neighborhood revitalization rebate	<u>-</u>	<u>202</u>	<u>-</u>	<u>(202)</u>
Total expenditures	<u>21,354</u>	<u>20,648</u>	<u>\$ 28,446</u>	<u>\$ 7,798</u>
Receipts over (under) expenditures	(5,097)	7,040		
Unencumbered cash, beginning of year	<u>5,097</u>	<u>-</u>		
Unencumbered cash, end of year	<u>\$ -</u>	<u>\$ 7,040</u>		

See accompanying notes to financial statements.

CITY OF LYNDON, KANSAS

CAPITAL PROJECT FUNDS (NOT BUDGETED)
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES
 For the Year Ended December 31, 2011

	Water Storage and Distribution System <u>Improvements</u>	Wastewater Mains and System <u>Improvement</u>	<u>Total</u>
Cash receipts:			
Interest income	\$ -	\$ 1	\$ 1
Advances KDHE revolving loan fund	<u>-</u>	<u>46,724</u>	<u>46,724</u>
Total cash receipts	<u>-</u>	<u>46,725</u>	<u>46,725</u>
Expenditures:			
Construction costs	<u>-</u>	<u>47,711</u>	<u>47,711</u>
Total expenditures	<u>-</u>	<u>47,711</u>	<u>47,711</u>
Receipts over (under) expenditures	-	(986)	(986)
Unencumbered cash, beginning of year	<u>277</u>	<u>986</u>	<u>1,263</u>
Unencumbered cash, end of year	\$ <u><u>277</u></u>	\$ <u><u>-</u></u>	\$ <u><u>277</u></u>

See accompanying notes to financial statements.

CITY OF LYNDON, KANSAS

EXPENDABLE TRUST FUNDS (NOT BUDGETED)
STATEMENT OF CASH RECEIPTS AND EXPENDITURES
For the Year Ended December 31, 2011

	Payroll Clearing	Sales Tax	Utility Collections (Credits)	Performance Bond and Insurance Proceeds	Lyndon Municipal Court	Total
Cash receipts:						
Transfers in	\$ 341,704	\$ -	\$ -	-	\$ -	\$ 341,704
Sales tax collections	-	3,063	-	-	-	3,063
Utility collections	-	-	7,927	-	-	7,927
Insurance proceeds	-	-	-	-	-	-
Municipal court fines and fees	-	-	-	-	8,531	8,531
Interest income	-	-	-	4	-	4
Total cash receipts	<u>341,704</u>	<u>3,063</u>	<u>7,927</u>	<u>4</u>	<u>8,531</u>	<u>361,229</u>
Expenditures:						
Payroll	341,667	-	-	-	-	341,667
Sales tax	-	2,296	-	-	-	2,296
Utility collections allocated	-	-	7,928	-	-	7,928
Kansas State Treasurer	-	-	-	-	1,225	1,225
Attorney fees	-	-	-	-	620	620
Refunds and other	-	-	-	-	30	30
Transfer to City of Lyndon	-	-	-	-	6,000	6,000
Total expenditures	<u>341,667</u>	<u>2,296</u>	<u>7,928</u>	<u>-</u>	<u>7,875</u>	<u>359,766</u>
Receipts over (under) expenditures	37	767	(1)	4	656	1,463
Unencumbered cash, beginning of year	<u>(406)</u>	<u>548</u>	<u>21</u>	<u>2,008</u>	<u>846</u>	<u>3,017</u>
Unencumbered cash, end of year	<u>\$ (369)</u>	<u>\$ 1,315</u>	<u>\$ 20</u>	<u>\$ 2,012</u>	<u>\$ 1,502</u>	<u>\$ 4,480</u>

See accompanying notes to financial statements.

CITY OF LYNDON, KANSAS

WATER DEPOSIT FUND (NOT BUDGETED)
STATEMENT OF CASH RECEIPTS AND EXPENDITURES
For the Year Ended December 31, 2011

Cash receipts:	
Customer deposits	\$ 8,100
Expenditures:	
Deposits paid out	<u>6,750</u>
Receipts over (under) expenditures	1,350
Unencumbered cash, beginning of year	<u>5,950</u>
Unencumbered cash, end of year	\$ <u><u>7,300</u></u>

See accompanying notes to financial statements.

CITY OF LYNDON, KANSAS
NOTES TO FINANCIAL STATEMENTS

1 - Reporting Entity

Lyndon was incorporated as a city of the third class under the laws of the State of Kansas by action of the Probate Court of Osage County on the thirteenth day of December 1870. The City operates under the mayor-council form of government. The mayor with the consent of the five-member council appoints the department heads, who implement and carry out the expressed policies of the governing body. These financial statements present the City of Lyndon, Kansas as the primary government. There are no component units.

2 - Summary of Significant Accounting Policies

a. Fund Descriptions

In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The following types of funds comprise the financial activities of the City for the year 2011:

Governmental Funds:

General Fund is used to account for all restricted resources except those required to be accounted for in another fund.

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments or major capital projects) that are restricted by law or administrative action to expenditure for specified purposes.

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, interest and principal on general long-term debt and the financing of special assessments which are general obligations of the City.

Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds, special assessment funds or trust funds).

CITY OF LYNDON, KANSAS

NOTES TO FINANCIAL STATEMENTS
(Continued)

2 - Summary of Significant Accounting Policies (Continued)

a. Fund Descriptions (Continued)

Propriety Funds:

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises--where the stated intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges--or where periodic determination of revenues earned, expenses incurred, and/or net income is deemed appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Fiduciary Funds:

Expendable Trust Funds are used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, other governmental units, and/or other funds.

b. Statutory Basis of Accounting

These financial statements are presented on a basis of accounting which demonstrates compliance with the cash basis and budget laws of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund. Cash disbursements are recognized when the cash balance of a fund is decreased. For an interfund transaction, a cash disbursement is recorded in the fund from which the cash is transferred. Expenditures include disbursements, accounts payable and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract.

The municipality has obtained a waiver from generally accepted accounting principles which allows the municipality to revert to the statutory basis of accounting.

c. Departure from Accounting Principles Generally Accepted in the United States of America

The basis of accounting described above results in a financial statement presentation which shows cash receipts, cash disbursements, cash and unencumbered cash balances and expenditures compared to budget. Balance

CITY OF LYNDON, KANSAS

NOTES TO FINANCIAL STATEMENTS
(Continued)

2 - Summary of Significant Accounting Policies (Continued)

c. Departure from Accounting Policies Generally
Accepted in the United States of America (Continued)

sheets that would have shown noncash assets such as receivables, inventories and prepaid expenses, liabilities such as deferred revenue and principal and interest payable, and reservations of fund balances are not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with accounting principles generally accepted in the United States of America. General fixed assets that account for the land, building and equipment owned by the municipality are not presented in the financial statements. Also, general long-term debt such as general obligation bonds, temporary notes and compensated absences are not presented in the financial statements.

d. Budgets

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service funds and enterprise funds. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in the local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5th.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time. There were no amended budgets for 2011.

CITY OF LYNDON, KANSAS

NOTES TO FINANCIAL STATEMENTS
(Continued)

2 - Summary of Significant Accounting Policies (Continued)

d. Budgets (Continued)

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the modified accrual basis of accounting, modified further by the encumbrance method of accounting. Revenues are recognized when cash is received. Expenditures include disbursements, accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. All unencumbered appropriations (legal budget expenditure authority) lapse at year end.

A legal operating budget is not required for capital project funds, trust funds, and the following special revenue fund:

Special Machinery Fund

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

e. Annual and Sick Leave

Under the terms of the City's personnel policy, City employees are granted annual and sick leave in varying amounts depending on length of service. Annual leave is accrued 1 day (8 hours) per month from the date of employment through 5 years, 1.2 days (10 hours) per month for years over 5 through 10 years, 1.5 days (12 hours) per month for years over 10 through 15 years, and 1.75 days (14 hours) per month for over 15 years. Maximum accumulation of annual leave is 30 days or 240 hours and must be used by the anniversary date. Employees earn 1 day of sick leave per month worked which has no maximum on accumulation. Up to 40 hours of accumulated sick leave can be used for a family related illness per year.

At December 31, 2011, the City estimates that accumulated unpaid vacation and sick pay are immaterial to the financial statements taken as a whole.

CITY OF LYNDON, KANSAS

NOTES TO FINANCIAL STATEMENTS
(Continued)

3 - Defined Benefit Pension Plan

- a. Plan description. The non-school municipality participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S. Kansas Avenue, Suite 100, Topeka, KS 66603-3803) or by calling 1-800-228-0366.
- b. Funding Policy. K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4%/6% of covered salary. The employer collects and remits member-employee contributions according to the provisions of section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rate be determined annually based on the results of an annual actuarial valuation. KPERS is funded on an actuarial reserve basis. State law sets a limitation on annual increases in the contribution rates for KPERS employers. The employer rate established by statute for calendar year 2011 is 7.74%. The non-school municipality employer contributions to KPERS for the years ending December 31, 2011, 2010, and 2009 were \$ 23,322, \$ 17,560, and \$ 12,900, respectively, equal to the statutory required contributions for each year.

4 - Compliance with Kansas Statutes

Customers' Deposits

The City pays interest on meter deposits in accordance with K.S.A. 12-822.

Depository Security

At December 31, 2011, deposits at the Lyndon State Bank, Lyndon, Kansas, were adequately secured in accordance with K.S.A. 9-1402. The Lyndon State Bank, Lyndon, Kansas, was designated as the official depository for City funds on May 18, 2011. (See Note 5.)

Indebtedness and Available Cash

Indebtedness was created in excess of available cash in the trash collection fund at December 31, 2011.

CITY OF LYNDON, KANSAS

NOTES TO FINANCIAL STATEMENTS
(Continued)

4 - Compliance with Kansas Statutes (Continued)

Expenditures and Budget

During 2011, expenditures exceeded the appropriations in the following fund:

City 1% sales tax fund

5 - Deposits

K.S.A. 9-1401 establishes the depositories which may be used by the Government. The statute requires banks eligible to hold the Government's funds have a main or branch bank in the county in which the Government is located and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The Government has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the Government's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. Government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The government has no investment policy that would further limit its investment choices.

Concentration of credit risk. State statutes place no limit on the amount the Government may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

Custodial credit risk-deposits. Custodial credit risk is the risk that in the event of a bank failure, the Government's deposits may not be returned to it. State statutes require the Government's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka. All deposits of the Lyndon State Bank were legally secured at December 31, 2011.

At December 31, 2011, the Government's carrying amount of deposits was \$ 423,836 and the bank balance was \$ 489,546. The bank balance was held by one bank resulting in a concentration of credit risk of the bank balance; \$ 251,502 was covered by federal depository insurance and \$ 238,044 was collateralized with securities held by the pledging financial institutions' agent in the Government's name under a joint custody receipt in the amount of \$ 887,279.

CITY OF LYNDON, KANSAS

NOTES TO FINANCIAL STATEMENTS
(Continued)

6 - Jointly Governed Organizations

The City, in cooperation with other cities in the area together with two rural water districts, has created Public Wholesale Water Supply District No. 12 (District). The District's board is composed of one member from each city and rural water district. The construction of the facility started July 1, 1994 and was completed in July of 1995. The financing was by grants and a loan from the Farmers Home Administration in the name of the District.

The City, together with USD No. 421 Board of Education adopted a joint resolution to create a joint recreation commission pursuant to the provisions of K.S.A. 12-1922, et seq., effective July 1, 1997. The commission members are appointed 2 by the City and 2 by the Board of Education. The 5th member is selected by the 4 appointed members. The annual levy, not to exceed two mills, is on all property located within the school district boundaries.

7 - General Long-Term Debt

On May 1, 1996, the City issued \$ 300,000 of general obligation bonds to finance the construction of a municipal swimming pool. The bonds are registered and bear interest at 6.05%, final payment due October 1, 2016. These bonds are direct obligations and pledge the full faith and credit of the City.

On June 5, 2006, the City issued \$ 431,200 of general obligation bonds, Series A 2006, to finance a part of Water Improvements Project. The bonds are registered and bear interest at 4.375%, final payment due June 5, 2046. The bonds are direct obligations and pledge the full faith and credit of the City. Payments will be made from water charges paid by customers; however, since the bonds are general obligation bonds, ad valorem taxes may be levied to make the payment. These bonds were purchased by the United States Department of Agriculture, Rural Development.

On June 5, 2006, the City issued \$ 162,000 of general obligation bonds, Series B 2006, to finance a part of Water Improvements Project. The bonds are registered and bear interest at 4.375%, final payment due June 5, 2046. The bonds are direct obligations and pledge the full faith and credit of the City. Payments will be made from water charges paid by customers, however, since the bonds are general obligation bonds, ad valorem taxes may be levied to make the payment. These bonds were purchased by The United States Department of Agriculture, Rural Development.

On December 6, 1999, the City entered into a lease purchase agreement in the amount of \$ 155,524 to finance the cost of street lighting improvements adjacent to U.S. 75 Highway between 5th and 9th Streets. The payments are \$ 7,808 semiannually, which includes interest at 5.75% per annum for 15 years.

CITY OF LYNDON, KANSAS

NOTES TO FINANCIAL STATEMENTS
(Continued)

7 - General Long-Term Debt (Continued)

The payments are to be paid from amounts budgeted for street repairs and improvements or from the capital improvements fund (1% sales tax). The City is obligated to pay only periodic installment payments under these agreements as may lawfully be made from funds budgeted and appropriated for that purpose during the current year.

On November 1, 2001, the City entered into a lease purchase agreement in the amount of \$ 148,500 to finance the cost of land, building and all attached furniture and fixtures located at 730 Topeka Avenue to be used for City Hall. The payments, which include interest at 5.55% per annum for 15 years, are \$ 7,359 semiannually.

The payments are to be paid from amounts budgeted for general government operations in the general fund. The City is obligated to pay only periodic installment payments under this agreement as may lawfully be made from funds budgeted and appropriated for that purpose during the current year.

On October 18, 2004, the City approved Ordinance No. 716, an ordinance authorizing the execution of a loan agreement between the City and the Kansas Department of Health and Environment for a loan from the water pollution control revolving fund to finance a wastewater treatment project. The loan is for \$ 1,381,000 with interest at 2.92% for 20 years. At December 31, 2011, \$ 1,468,000 had been advanced on this loan. The City received a \$ 400,000 CDBG grant award to help finance this project.

Effective November 24, 2008 the loan amount was increased to \$ 1,466,000. The semi-annual loan payment was adjusted to \$ 51,066 on May 17, 2011. The payments are to be paid from charges for the use of the system. During 2011, the payments were made from the City 1% Sales Tax Fund and the Sewer Utility Fund.

On April 3, 2007, the City entered into a lease agreement in the amount of \$ 17,000 to finance the cost of land and improvements. The payments are \$ 3,954 annually, which includes interest at 5.25% per annum for 5 years.

The payments are to be paid from amounts budgeted for City 1% sales tax. The City is obligated to pay only periodic installment payments under this agreement as may lawfully be made from funds budgeted and appropriated for that purpose during the current year.

CITY OF LYNDON, KANSAS
NOTES TO FINANCIAL STATEMENTS
(Continued)

7 - General Long-Term Debt (Continued)

On April 6, 2009, the City entered into a lease agreement in the amount of \$ 24,587 to finance the cost of a tractor loader. The payments are \$ 5,239 semi-annually, which includes interest at 4% for 2 years.

The payments are to be paid from amounts budgeted for street and alley fund in the general fund. The City is obligated to pay only periodic installment payments under this agreement as may lawfully be made from funds budgeted and appropriated for the purpose during the current year.

Changes in long-term debt for the City for the year ended December 31, 2011 were as follows:

<u>Debt Issued</u>	<u>Interest Rates</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Date of Final Maturity</u>
General obligation bonds:				
Municipal swimming pool, Series 1996	6.05%	5-1-1996	\$ 300,000	10-1-2016
Water Improvement, Series A 2006	4.375%	6-5-2006	431,200	6-5-2046
Water Improvement, Series B 2006	4.375%	6-5-2006	162,000	6-5-2046
Capital leases:				
Street lighting improvements adjacent to U.S. 75 Highway between 5th and 9th Streets	5.75%	12-6-1999	155,524	12-5-2014
Land, building and all attached furniture and fixtures at 730 Topeka Avenue	5.55%	11-1-2001	148,500	11-1-2016
Land and storage building Lots 7, 8 & 9 Original town of Lyndon	5.25%	4-3-2007	17,000	4-3-2012
Tractor and loader 2009 McCormick 2009 McCormick	4.00%	4-6-2009	24,587	11-15-2011
Loan agreement:				
Kansas water pollution control revolving fund - wastewater treatment and collection system improvement	2.92%	9-29-2004	1,466,000	9-29-2024
Total long-term debt				

CITY OF LYNDON, KANSAS
NOTES TO FINANCIAL STATEMENTS
(Continued)

7 - General Long-Term Debt (Continued)

Changes in long-term debt for the City for the year ended December 31, 2011 were as follows:

<u>Debt Issued</u>	<u>Balance, Beginning of Year</u>	<u>Additions</u>	<u>Reductions/ Payments</u>	<u>Balance, End of Year</u>	<u>Interest Expense</u>
General obligation bonds:					
Municipal swimming pool, Series 1996	\$ 90,000	\$ -	\$ 15,000	\$ 75,000	\$ 5,445
Water Improvement, Series A 2006	414,000	-	5,000	409,000	18,113
Water Improvement, Series B 2006	154,000	-	2,000	152,000	6,738
Capital leases:					
Street lighting improvements adjacent to U.S. 75 Highway between 5th and 9th Streets	55,145	-	12,862	42,283	2,754
Land, building and all attached furniture and fixtures at 730 Topeka Avenue	74,227	-	10,792	63,435	3,926
Land and storage building Lots 7, 8 & 9 Original town of Lyndon	7,325	-	3,568	3,757	387
Tractor and loader 2009 McCormick	10,159	-	10,159	-	327
Loan agreement:					
Kansas water pollution control revolving fund - wastewater treatment and collection system improvement	<u>1,220,849</u>	<u>46,724</u>	<u>67,253</u>	<u>1,200,320</u>	<u>35,548</u>
Total long-term debt	<u>\$ 2,025,705</u>	<u>\$ 46,724</u>	<u>\$ 126,634</u>	<u>\$ 1,945,795</u>	<u>\$ 73,238</u>

CITY OF LYNDON, KANSAS
NOTES TO FINANCIAL STATEMENTS
(Continued)

7 - General Long-Term Debt (Continued)

Current maturities of long-term debt and interest for the next five years in five-year increments through maturity are as follows:

	Kansas Water Pollution Control Revolving Fund	General Obligation Bonds	Capital Leases	Total
Year:				
Principal due:				
2012	\$ 67,573	\$ 22,000	\$ 28,461	\$ 118,034
2013	69,560	22,000	26,130	117,690
2014	71,606	23,000	27,629	122,235
2015	73,712	23,000	13,374	110,086
2016	75,881	23,000	13,882	112,763
2017 to 2021	414,223	48,000	-	462,223
2022 to 2026	427,766	58,000	-	485,766
2027 to 2031	-	74,000	-	74,000
2032 to 2036	-	91,000	-	91,000
2037 to 2041	-	113,000	-	113,000
2042 to 2046	-	139,000	-	139,000
Total principal	<u>\$ 1,200,321</u>	<u>\$ 636,000</u>	<u>\$ 109,476</u>	<u>\$ 1,945,797</u>
Interest due:				
2012	\$ 34,560	\$ 29,081	\$ 6,556	\$ 70,197
2013	32,572	27,868	4,990	65,430
2014	30,526	26,654	3,529	60,709
2015	28,420	25,396	1,992	55,808
2016	26,252	24,139	591	50,982
2017 to 2021	96,439	110,512	-	206,951
2022 to 2026	31,830	98,962	-	130,792
2027 to 2031	-	84,963	-	84,963
2032 to 2036	-	67,288	-	67,288
2037 to 2041	-	45,631	-	45,631
2042 to 2046	-	18,725	-	18,725
Total interest	<u>\$ 280,599</u>	<u>\$ 559,219</u>	<u>\$ 17,658</u>	<u>\$ 857,476</u>

CITY OF LYNDON, KANSAS
NOTES TO FINANCIAL STATEMENTS
(Continued)

8 - Contingency

The City receives federal and State grants from time to time for specific purposes that are subject to review and audit by federal and State agencies. Such audits could result in a request for reimbursement by federal and State agencies for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of City management, such disallowances, if any, will not be significant to the City's financial statements.

9 - Capital Projects

Capital project authorizations with approved change orders compared with expenditures from inception are as follows:

	<u>Expenditures to Date</u>	<u>Project Authorization</u>
Wastewater system improvements	\$ 1,871,394	\$ 1,871,394

10- Subsequent Events

Management has reviewed subsequent events through September 12, 2012.